

State of Alaska FY2003 Governor's Operating Budget

Department of Community & Economic Development Alaska Aerospace Development Corporation Budget Request Unit Budget Summary

Alaska Aerospace Development Corporation Budget Request Unit

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BRU Mission

To promote aerospace related economic growth and to develop corresponding technologies and support services.

To oversee the operation and maintenance of the Kodiak Launch Complex.

BRU Services Provided

Provide rocket launch services to government and commercial customers, assist university, federal, and private organizations in developing aerospace technologies, provide educational opportunities within the state and promote Alaska as the ideal location for aerospace activities.

BRU Goals and Strategies

Guide existing programs to demonstrate success at the Kodiak Launch Complex, and as such, garner new launch contracts providing long-term Alaska business.

Encourage commercial ground station development in Fairbanks due to expanding remote sensing industry and advanced imagery processes.

To continue development of KLC.

Promote use of Alaska's spaceport while continuing to secure and broaden the KLC launch customer base.

- Continue implementation of marketing and commercialization of KLC.
- Install two range safety systems - one at KLC and a second down range (Cordova is targeted location).
- Proactively explore KLC site development opportunities in national and commercial arenas.
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To increase local opportunities to support aerospace activities.

Continue to encourage local opportunities to support launch operations.

- Encourage aerospace industry to develop ongoing business presence within the State.
- Utilize local contractors to support launch missions from the KLC.
- Begin acquiring necessary components to develop a short-term and long-term land use plan at KLC site; promoting
- spin-off resources to support launch customers.

To provide educational opportunities throughout the state.

Encourage launch customers to visit local schools and provide educational information related to launch missions

- from the KLC.

Develop curriculum to conduct school hands-on tours of KLC.

- Research opportunities to create a student mentorship program.
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To provide for the operations, maintenance and repair costs of the Kodiak Launch Complex.

Key BRU Issues for FY2002 – 2003

AADC continues to focus on marketing the Kodiak Launch Complex (KLC). The KLC is in full operational mode and continues to serve our launch customers. Should the US Congress so choose, AADC may enter discussions and begin planning for support to the Ballistic Missile Defense Organization's testing program.

AADC will focus on managing the Kodiak Launch Complex operations and maintenance in a cost-effective manner utilizing a combination of staff support and contractual launch support services.

Major BRU Accomplishments in 2001

OPERATIONS

1. Successful launch Air Force Quick Reaction Launch Vehicle (QRLV-1) in Mar 01.
2. Support Lockheed Martin Corporation launch effort for KODIAK STAR for Sept 01.
3. Support Army Strategic Target Systems (STARS) effort for Nov. 01 launch.
4. Prepare Specifications and procurement documents for contract award for two Range Safety Systems.
5. Awarded contract for Launch Support Services to local Alaskan Company.
6. KLC facility mission related upgrade (Customer Funded):

KLC FACILITY (Customer funded mission related upgrades):

1. STARS:
 - Completed \$1M upgrades to the Space Craft Assembly & Transfer (SCAT) Building.
 - Completed \$170 K road improvements which contract was awarded to local Alaskan Company.
2. LMA/NASA:
 - Completed facility wide improvements totaling \$1.5 M.
3. Launch Campaigns:
 - US Army STARS: Successfully completed a mechanical and electrical pathfinders.
 - US Air Force QRLV 1: Successful launch March 22, 2001.
 - Lockheed Martin/NASA: Launch campaign began May 01.
4. KLC Facility Reviews:
 - Initiated an OSHA consultation review.

Key Performance Measures for FY2003

Measure:

The excess earnings (or dividend) per launch.
Sec 28(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

FY01 was the first fully operational year for the Kodiak Launch Complex (KLC). There were two successful launches. Three launches are contracted for and scheduled for FY02. AADC projects a minimum of two launches for FY03. Should three launches be accomplished, AADC projects average earnings of \$100,000 per launch. The earnings are budgeted as capital replacement reserves for maintaining the KLC in operational status.

Benchmark Comparisons:

Not applicable. The KLC is the first facility of its kind - the only complete launch complex owned and operated by a state.

Background and Strategies:

Earnings per launch are a management and project control outcome. AADC intends to put an independent finance and accounting system in place to facilitate our business practices.

Measure:

The new permanent jobs created.
Sec 28(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

In FY02, AADC employed 7 personnel directly on a full time basis. AADC also contracts for technical services and labor. This consists of 2 full time technical positions and 5 temporary. AADC also contracts for part time technical

and labor positions. This consists of two part time technical positions and approximately six part time positions. For FY03, AADC projects a total of full time permanent positions of 14 and part time positions of eight.

Benchmark Comparisons:

There is no data available for comparison from other states.

Background and Strategies:

As AADC continues to grow, the opportunity to hire the temporary positions is a constant focus point. With growth comes job security and permanent positions for Alaskan's.

There are private sector jobs that benefit from the KLC operation. The money that is generated from KLC expenditures benefit Kodiak directly. AADC has utilized services from ENRI in regards to environmental monitoring and weather monitoring. Additional companies that benefit from the operation of KLC are Doyon, Purcell, D & E Services, Kodiak Transfer Inc., and Rise.

Measure:

The number of launches per year.

Sec 28(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

FY01 was the first fully operational year for the Kodiak Launch Complex (KLC). There were two successful launches. Three launches are contracted for and scheduled for FY02.

AADC's goal for FY03 is to support three launch campaigns.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

AADC will continue its marketing with a focus on defense related launches. The commercial market is flat at this time.

Measure:

The new space related projects brought to the state.

Sec 28(b)(4) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

AADC intends to provide support to the US Department of Defense, Ballistic Missile Defense Organization (BMDO) infrastructure development at the KLC.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

Ballistic Missile Defense Organization is contemplating the use of KLC for testing. AADC will endeavor to support this examination with the goal of securing an on going program.

Measure:

The economic impact of launch activities expressed in dollars per launch.

Sec 28(b)(5) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

Previous Institute for Social and Economic Research (ISER) revealed an economic impact of approximately \$900,000 per launch. Additional studies will be conducted only if funding is available.

Benchmark Comparisons:

Not applicable.

Background and Strategies:

AADC has used the ISER to research the impact. The information proved very useful. However, funding for additional research is not currently in the AADC budget.

Alaska Aerospace Development Corporation

BRU Financial Summary by Component

All dollars in thousands

	General Funds	FY2001 Actuals Federal Funds	Other Funds	Total Funds	General Funds	FY2002 Authorized Federal Funds	Other Funds	Total Funds	General Funds	FY2003 Governor Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
AADC	0.0	0.0	0.0	0.0	0.0	0.0	9,000.0	9,000.0	0.0	0.0	9,000.0	9,000.0
Language												
AK Aerospace	0.0	0.0	761.7	761.7	0.0	0.0	858.1	858.1	0.0	0.0	1,348.4	1,348.4
Development												
Corp												
AADC Facilities	0.0	0.0	3,962.9	3,962.9	0.0	0.0	3,791.1	3,791.1	0.0	0.0	4,264.1	4,264.1
Maintenance												
Totals	0.0	0.0	4,724.6	4,724.6	0.0	0.0	13,649.2	13,649.2	0.0	0.0	14,612.5	14,612.5

Alaska Aerospace Development Corporation

Proposed Changes in Levels of Service for FY2003

Continued growth and future launch contracts has determined the need for four additional staff positions and related expenses to be added to support the administration, operations, and maintenance demands of the corporation. Increments are requested that would fund two positions in Anchorage, an Accounting Technician and a Contracts Manager. The remaining two positions would be a Deputy Director and a Health and Safety Manager at the Kodiak Launch Complex. Funding source is AADC corporate receipts.

The earnings from ASTF's endowment have dropped significantly the last two years. Endowment earnings have dropped from \$10.4 million in Fiscal Year 2000 to \$5.2 million in Fiscal Year 2001. As a result, the portion of ASTF earnings that went to non-ASTF programs including AADC, increased from 31 to 62 percent. This significantly reduced funding for ASTF and its mission. A fund source change moves that portion of AADC funding that was from the ASTF Endowment funding to CIP Receipts.

Alaska Aerospace Development Corporation

Summary of BRU Budget Changes by Component

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	0.0	0.0	13,649.2	13,649.2
Adjustments which will continue current level of service:				
-AK Aerospace Development Corp	0.0	0.0	24.8	24.8
-AADC Facilities Maintenance	0.0	0.0	21.4	21.4
Proposed budget increases:				
-AK Aerospace Development Corp	0.0	0.0	465.5	465.5
-AADC Facilities Maintenance	0.0	0.0	451.6	451.6
FY2003 Governor	0.0	0.0	14,612.5	14,612.5